KPMG

Tax and Legal News

Changes in Slovak tax legislation and other topics

In the newest issue of our Tax and Legal News we outline information on the following topics:

- New government bill introduces Country by Country reporting
- Amendment of the Slovak Health-Care Insurance Act which cancels the maximum assessment base threshold for public health-care insurance

We wish you a Merry Christmas and a Happy New Year.

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KPMG in Slovakia
December 2016

A New government bill introduces Country by Country reporting

Following the OECD's BEPS Action Plan 13 and European Commission Directive 2016/881 of 25 May 2016, the government introduces bill amending and supplementing Act no. 442/2012 Coll. on international assistance and cooperation in tax administration. Within the meaning of bill, MNEs with annual consolidated group revenue equal to or exceeding €750 million in the previous year are obliged to fill in Country by Country report, which must be filed no later than 12 months after the last day of the reporting fiscal year of the MNE group. Slovak entities are allowed/obliged to act as a surrogate in certain cases. In accordance with bill every Slovak entity of the MNE has to inform the relevant tax office what is its status within the deadline for submission of the corporate income tax return. If approved by the Parliament and signed by the President the bill is to become effective on the 1 March 2017.

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Amendment of the Slovak Health-Care Insurance Act

On 30 November 2016, a draft amendment of the Slovak Health-Care Insurance Act (further only “Act”) was approved by the Slovak Parliament. The most topical change is the **cancellation of the maximum assessment base threshold for public health-care insurance**.

The maximum assessment base for health-care insurance contributions from shares on profit (dividends) remains valid at the level of 60-times the monthly average wage in the economy (EUR 52,980 for 2017).

At the same time, it is crucial to mention that the recent amendment of the Slovak Income Tax Act states that the dividends paid out from the profits from the accounting period starting on 1 January 2017 or later are not subject to health-care insurance.

When performing the 2016 annual health-care insurance contributions’ reconciliation, the provisions of maximum assessment base of the Act valid by 31 December 2016 are taken into account.

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In one sentence

The Slovak President signed the Amendment of the Slovak Income Tax Act.

Based on Amendment of the Slovak Income Tax Act and the respective decrease of the corporate income tax rate it is necessary to recalculate the corporate income tax prepayments paid for the tax periods starting after 1 January 2017 using the 21 % tax rate.

The Parliament approved the governmental amendment of the e-Government Act based on which the automatic activation of electronic mailboxes is postponed until 1 July 2017. You can find more information in our legal alert.

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